

**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

REVIEW REPORT
OF
TREASURER OF STATE
STATE OF INDIANA
July 1, 2004 to June 30, 2006



FILED
05/31/2007

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Agency Officials.....	2
Independent Accountant's Report	3
Required Schedules:	
Disclosure of Receipts, Disbursements, and Principal Due (2005)	
Per Indiana Code 21-1-3-11.....	4
Notes to Required Schedule (2005)	5
Investments and Principal Due Disclosure Per Indiana Code 21-1-3-11 (2005)	6
Disclosure of Receipts, Disbursements, and Principal Due (2006)	
Per Indiana Code 21-1-3-11.....	7
Notes to Required Schedule (2006)	8
Investments and Principal Due Disclosure Per Indiana Code 21-1-3-11 (2006)	9
Exit Conference	10

AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer of State	Tim Berry	02-10-03 to 12-31-06
	Marjorie O'Laughlin	01-01-07 to 02-09-07
	Richard Mourdock	02-10-07 to 02-09-10



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF TREASURER OF STATE

We have reviewed the receipts, disbursements, and assets of the Treasurer of State for the period of July 1, 2004 to June 30, 2006. The Treasurer of State's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Treasurer of State are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations.

STATE BOARD OF ACCOUNTS

December 7, 2006

TREASURER OF STATE
REQUIRED SCHEDULE
June 30, 2005

Disclosure of Receipts, Disbursements, and Principal Due per Indiana Code 21-1-3-11 (Superceded by Indiana Code 20-49-3-14 Effective July 1, 2006)

	Common School Fund	IU Permanent Endowment Fund	Purdue Trust Fund
Receipts:			
Fines/Penalties	\$ 5,297,464.84	\$ -	\$ -
Interest	-	18,580.20	8,044.40
Repayment of Loans	28,786,016.56	-	-
Sale of Investments	<u>616,370,762.80</u>	<u>3,141,200.00</u>	<u>1,360,000.00</u>
Total Receipts	<u>650,454,244.20</u>	<u>3,159,780.20</u>	<u>1,368,044.40</u>
Disbursements:			
Investment Purchases	500,284,207.37	3,141,200.00	1,360,000.00
Nontaxable Reimbursement	-	-	-
Loan Advances	115,189,357.64	-	-
Distributions	<u>-</u>	<u>12,386.80</u>	<u>-</u>
Total Disbursements	<u>615,473,565.01</u>	<u>3,153,586.80</u>	<u>1,360,000.00</u>
Total Receipts over (under) Disbursements	34,980,679.19	6,193.40	8,044.40
Transfers (Note 1)	448,431.42	-	-
Cash Balance, July 1, 2004 Restated	<u>11,905,095.82</u>	<u>12,401.47</u>	<u>(242.89)</u>
Cash Balance, June 30, 2005 (Note 3)	<u>\$ 47,334,206.43</u>	<u>\$ 18,594.87</u>	<u>\$ 7,801.51</u>
Investments, July 1, 2004	\$ 171,418,855.43	\$ 785,300.00	\$ 340,000.00
Purchase of Investments	500,284,207.37	3,141,200.00	1,360,000.00
Sale of Investments	<u>(616,370,762.80)</u>	<u>(3,141,200.00)</u>	<u>(1,360,000.00)</u>
Investments, June 30, 2005	<u>\$ 55,332,300.00</u>	<u>\$ 785,300.00</u>	<u>\$ 340,000.00</u>
Interest Received from Investments (Note 2)	<u>\$ 3,578,586.60</u>	<u>\$ 18,580.20</u>	<u>\$ 8,044.40</u>
Loans Outstanding July 1, 2004	\$ 322,103,122.58		
Loan Advances	115,189,357.64		
Repayment of Loans	<u>(28,786,016.56)</u>		
Loans Outstanding June 30, 2005	<u>\$ 408,506,463.66</u>		
Interest Received on Loans (Note 2)	<u>\$ 11,396,856.21</u>		

TREASURER OF STATE
NOTES TO REQUIRED SCHEDULE
June 30, 2005

Note 1. Transfers

\$448,431.42 was transferred from the Escheated Estates to the Common School Fund per Indiana Code 32-34-3-4.

Note 2. Interest Earned on Common School Fund Loans and Investments

Interest earned on investments made from the Common School Fund was \$3,578,586.60. Interest on loans made to schools from the Common School Fund was \$11,396,856.21. The Common School Fund Interest is deposited in the State's General Fund and annually appropriated for the support of common schools in accordance with Indiana Code 21-1-1-1.5.

Note 3. Cash

Cash represents the 'cash' object balances on the Auditor of State's accounting system which consists of funds pooled for the purchase of investments.

TREASURER OF STATE
REQUIRED SCHEDULE
June 30, 2005

Investments and Principal Due Disclosure per Indiana Code 21-1-3-11 (Superceded by Indiana Code 20-49-3-14 Effective July 1, 2006)

The total investments at June 30, 2005, for the Indiana University Permanent Endowment Fund, the Purdue University Trust Fund and the Common School Fund are as follows:

<u>Description</u>	<u>Maturity Date</u>	<u>Original Cost</u>
Indiana University Permanent Endowment Fund		
Certificates of Deposit Lake City Bank, Warsaw	09-23-05	\$ 785,300.00
Purdue University Trust Fund		
Certificates of Deposit Lake City Bank, Warsaw	09-23-05	\$ 340,000.00
Common School Fund		
Certificate of Deposit:		
Community First Bank, Corydon	08-23-05	\$ 100,000.00
State Bank of Medora, Medora	08-23-05	100,000.00
First Indiana Bank, N.A., Indianapolis	08-23-05	100,000.00
Star Financial Bank, Fort Wayne	08-23-05	100,000.00
Mainsource Bank, Greensburg	08-23-05	100,000.00
First United Bank, Middletown	08-23-05	400,000.00
First Financial Bank, N.A., Terre Haute	08-31-05	1,000,000.00
First Merchants Bank, Muncie	08-31-05	1,000,000.00
Old National Bank, Evansville	08-31-05	1,000,000.00
Fifth Third Bank, Indiana, Evansville	08-31-05	1,000,000.00
Lake City Bank, Warsaw	08-31-05	1,000,000.00
1st Source Bank, South Bend	08-31-05	1,000,000.00
Old National Bank, Evansville	08-31-05	2,000,000.00
Total Certificates of Deposit		8,900,000.00
Government Securities:		
Bank of New York, New York	07-01-05	9,962,433.33
Bank of New York, New York	08-19-05	19,854,866.67
Bank of New York, New York	11-29-05	10,000,000.00
Bank of New York, New York	12-31-05	6,615,000.00
Total Government Securities		46,432,300.00
Total Investments		\$ 55,332,300.00

TREASURER OF STATE
REQUIRED SCHEDULE
June 30, 2006

Disclosure of Receipts, Disbursements, and Principal Due per Indiana Code 21-1-3-11 (Superceded by Indiana Code 20-49-3-14 Effective July 1, 2006)

	Common School Fund	IU Permanent Endowment Fund	Purdue Trust Fund
Receipts:			
Fines/Penalties	\$ 6,335,484.66	\$ -	\$ -
Interest	-	33,746.09	14,610.55
Repayment of Loans	56,598,882.15	-	-
Sale of Investments	319,747,134.03	-	-
Other	19,822.13	-	-
Total Receipts	<u>382,701,322.97</u>	<u>33,746.09</u>	<u>14,610.55</u>
Disbursements:			
Investment Purchases	349,648,141.53	-	-
Nontaxable Reimbursement	-	-	7,801
Loan Advances	93,322,166.38	-	-
Distributions	-	18,594.87	-
Total Disbursements	<u>442,970,307.91</u>	<u>18,594.87</u>	<u>7,801.00</u>
Total Receipts over (under) Disbursements	-	15,151.22	6,809.55
Transfers (Note 1)	-	-	-
Cash Balance, July 1, 2005	<u>-</u>	<u>18,594.87</u>	<u>7,801.51</u>
Cash Balance, June 30, 2006 (Note 3)	<u>\$ -</u>	<u>\$ 33,746.09</u>	<u>\$ 14,611.06</u>
Investments, July 1, 2005	\$ 55,332,300.00	\$ 785,300.00	\$ 340,000.00
Purchase of Investments	349,648,141.53	-	-
Sale of Investments	<u>(319,747,134.03)</u>	<u>-</u>	<u>-</u>
Investments, June 30, 2006	<u>\$ 85,233,307.50</u>	<u>\$ 785,300.00</u>	<u>\$ 340,000.00</u>
Interest Received from Investments (Note 2)	<u>\$ 2,731,922.95</u>	<u>\$ 33,746.09</u>	<u>\$ 14,610.55</u>
Loans Outstanding July 1, 2005	\$ 408,506,453.66		
Loan Advances	93,322,166.38		
Repayment of Loans	<u>(56,598,882.15)</u>		
Loans Outstanding June 30, 2006	<u>\$ 445,229,737.89</u>		
Interest Received on Loans (Note 2)	<u>\$ 13,310,931.45</u>		

TREASURER OF STATE
NOTES TO REQUIRED SCHEDULE
June 30, 2006

Note 1. Interest Earned on Common School Fund Loans and Investments

Interest earned on investments made from the Common School Fund was \$2,731,922.95. Interest on loans made to schools from the Common School Fund was \$13,310,931.45. The Common School Fund Interest is deposited in the State's General Fund and annually appropriated for the support of common schools in accordance with Indiana Code 21-1-1-1.5.

Note 2. Cash

Cash represents the 'cash' object balances on the Auditor of State's accounting system which consists of funds pooled for the purchase of investments.

TREASURER OF STATE
REQUIRED SCHEDULE
June 30, 2006

Investments and Principal Due Disclosure per Indiana Code 21-1-3-11 (Superceded by Indiana Code 20-49-3-14 Effective July 1, 2006)

The total investments at June 30, 2006, for the Indiana University Permanent Endowment Fund, the Purdue University Trust Fund and the Common School Fund are as follows:

<u>Description</u>	<u>Maturity Date</u>	<u>Original Cost</u>
Indiana University Permanent Endowment Fund		
Certificates of Deposit		
Lake City Bank, Warsaw	09-23-05	<u>\$ 785,300.00</u>
Purdue University Trust Fund		
Certificates of Deposit		
Lake City Bank, Warsaw	09-23-05	<u>\$ 340,000.00</u>
Common School Fund		
Certificate of Deposit:		
Farmers & Mechanics Federal S & L, Bloomfied	07-06-06	\$ 300,000.00
Community First Bank, Corydon	08-23-06	100,000.00
State Bank of Medora, Medora	08-23-06	100,000.00
First Indiana Bank, N.A., Indianapolis	08-23-06	100,000.00
Star Financial Bank, Fort Wayne	08-23-06	100,000.00
Mainsource Bank, Greensburg	08-23-06	100,000.00
First United Bank, Middletown	08-23-06	400,000.00
First Financial Bank, N.A., Terre Haute	08-30-06	1,000,000.00
First Merchants Bank, Muncie	08-30-06	1,000,000.00
Old National Bank, Evansville	08-30-06	1,000,000.00
Fifth Third Bank, Indiana, Evansville	08-30-06	1,000,000.00
Lake City Bank, Warsaw	08-30-06	1,000,000.00
1st Source Bank, South Bend	08-30-06	1,000,000.00
Old National Bank, Evansville	08-30-06	<u>2,000,000.00</u>
Total Certificates of Deposit		<u>9,200,000.00</u>
Government Securities:		
Bank of New York, New York	07-14-06	6,913,445.00
Bank of New York, New York	08-01-06	14,764,000.00
Bank of New York, New York	09-15-06	15,000,000.00
Bank of New York, New York	09-29-06	15,000,000.00
Bank of New York, New York	11-30-06	14,515,029.17
Bank of New York, New York	01-26-07	9,840,833.33
Total Government Securities		<u>76,033,307.50</u>
Total Investments		<u>\$ 85,233,307.50</u>

TREASURER OF STATE
EXIT CONFERENCE

The contents of this report were discussed on March 19, 2007, with Tim Berry, former Treasurer of State; and on May 3, 2007, with Richard Mourdock, Treasurer of State.